

111TH CONGRESS  
1ST SESSION

# S. 1380

To amend title XVIII of the Social Security Act to create a sensible infrastructure for delivery system reform by renaming the Medicare Payment Advisory Commission, making the Commission an executive branch agency, and providing the Commission new resources and authority to implement Medicare payment policy.

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## IN THE SENATE OF THE UNITED STATES

JUNE 25, 2009

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to create a sensible infrastructure for delivery system reform by renaming the Medicare Payment Advisory Commission, making the Commission an executive branch agency, and providing the Commission new resources and authority to implement Medicare payment policy.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Medicare Payment Ad-  
5       visory Commission (MedPAC) Reform Act of 2009”.

1 **SEC. 2. RENAMING AND REFORMING THE MEDICARE PAY-**  
 2 **MENT ADVISORY COMMISSION.**

3 (a) AMENDMENT TO TITLE.—

4 (1) IN GENERAL.—Section 1805 of the Social  
 5 Security Act (42 U.S.C. 1395b–6) is amended—

6 (A) in the heading, by striking “**MEDI-**  
 7 **CARE PAYMENT ADVISORY COMMISSION**”  
 8 and inserting “**MEDICARE PAYMENT AND**  
 9 **ACCESS COMMISSION**”; and

10 (B) in subsection (a), by striking “Medi-  
 11 care Payment Advisory Commission” and in-  
 12 serting “Medicare Payment and Access Com-  
 13 mission (or ‘MedPAC’)”.

14 (2) REFERENCES.—Any reference to the Medi-  
 15 care Payment Advisory Commission shall be deemed  
 16 a reference to the Medicare Payment and Access  
 17 Commission.

18 (b) ESTABLISHMENT AS EXECUTIVE AGENCY.—Sec-  
 19 tion 1805 of the Social Security Act (42 U.S.C. 1395b–  
 20 6) is amended—

21 (1) in subsection (a)—

22 (A) by striking “ESTABLISHMENT.—There  
 23 is” and inserting “ESTABLISHMENT.—

24 “(i) IN GENERAL.—There is”;

25 (B) in clause (i), as added by subpara-  
 26 graph (A), by striking “agency of Congress”

and inserting “independent establishment (as defined in section 104 of title 5, United States Code)”; and

(C) by adding at the end the following new clause:

“(ii) PURPOSE.—

“(I) IN GENERAL.—The purpose of the Commission is to act as the regulatory authority for payment and coverage policies under the program under this title and to implement policies that improve health outcomes, promote greater quality and efficiency, improve beneficiary access to necessary and evidence-based items and services, maintain coverage affordability, and improve the long-term solvency of the program under this title.

“(II) SPECIFIC RESPONSIBILITIES.—The specific responsibilities of the Commission fall into the following 3 categories:

“(aa) REIMBURSEMENT POLICY.—The Commission shall determine payment policies,

1 methodologies, and rates under  
2 this title, including units of pay-  
3 ment and the amount of pay-  
4 ment, so as to ensure maximum  
5 efficiency and quality and in a  
6 manner that is financially sus-  
7 tainable.

8 “(bb) COVERAGE POLICY.—  
9 The Commission shall determine  
10 coverage policies and methodolo-  
11 gies, including national coverage  
12 determinations (as defined in sec-  
13 tion 1869(f)(1)(B)), in a manner  
14 that provides stable premiums  
15 and maximum beneficiary access  
16 to medically necessary and appro-  
17 priate care in the appropriate  
18 setting at the appropriate time.

19 “(cc) FINANCIAL STA-  
20 BILITY.—The Commission shall  
21 improve the overall financial sta-  
22 bility of the program under this  
23 title, by using payment policies,  
24 methodologies, and rates and cov-  
25 erage policies and methodologies

1 to reasonably reduce the growth  
 2 in expenditures under this title  
 3 without sacrificing current or fu-  
 4 ture beneficiary access to medi-  
 5 cally necessary and appropriate  
 6 care in the appropriate setting at  
 7 the appropriate time.

8 “(III) CARRYING OUT RESPON-  
 9 SIBILITIES.—In carrying out its re-  
 10 sponsibilities under this section, the  
 11 Commission shall do so in a manner  
 12 that serves the interests of current  
 13 and future beneficiaries.”;

14 (2) in subsection (c)—

15 (A) in paragraph (1)—

16 (i) by striking “APPOINTMENT.—The  
 17 Commission” and inserting “APPOINT-  
 18 MENT.—

19 “(A) IN GENERAL.—The Commission”;

20 (ii) in subparagraph (A), as inserted  
 21 by clause (i)—

22 (I) by striking “17” and insert-  
 23 ing “11”;

24 (II) by inserting “the Secretary  
 25 and the Administrator of the Centers

for Medicare & Medicaid Services,  
 who shall each serve as non-voting  
 members of the Commission, and”  
 after “composed of”; and

(III) by striking “Comptroller  
 General” and inserting “President, by  
 and with the advice and consent of  
 the Senate”; and

(iii) by adding at the end the fol-  
 lowing new subparagraphs:

“(B) LIMITATION ON NUMBER OF TERMS  
 SERVED.—An individual may not be appointed  
 as a member of the Commission for more than  
 2 consecutive terms.

“(C) MEMBERS CURRENTLY APPOINTED.—

“(i) IN GENERAL.—Any individual  
 serving as a member of the Commission as  
 of the date of enactment of the Medicare  
 Payment Advisory Commission (MedPAC)  
 Reform Act of 2009 may continue to serve  
 as a member until the earlier of—

“(I) the remainder of the term  
 for which the member was appointed;  
 or

“(II) April 30, 2010.

1 “(ii) CLARIFICATION REGARDING VA-  
 2 CANCIES.—Any vacancy in the Commission  
 3 on or after such date of enactment shall be  
 4 filled as provided in accordance with sub-  
 5 paragraph (A).”; and

6 (B) in paragraph (2), by striking subpara-  
 7 graph (D) and inserting the following new sub-  
 8 paragraph:

9 “(D) ADDITIONAL QUALIFICATIONS.—In  
 10 addition to the qualifications described in the  
 11 succeeding provisions of this paragraph, the  
 12 President shall consider the political balance of  
 13 the membership of the Commission and the  
 14 needs of individuals entitled to (or enrolled for)  
 15 benefits under part A or enrolled under part B  
 16 who are entitled to medical assistance under a  
 17 State plan under title XIX.”.

18 (C) in paragraph (3)—

19 (i) by amending subparagraph (A) to  
 20 read as follows:

21 “(A) IN GENERAL.—The terms of mem-  
 22 bers of the Commission shall be for 6 years ex-  
 23 cept that, of the members first appointed—

24 “(i) four shall be appointed for terms  
 25 of 5 years;

1 “(ii) four shall be appointed for terms  
2 of 3 years; and

3 “(iii) three shall be appointed for  
4 terms of 1 year.”; and

5 (ii) in subparagraph (B), in the third  
6 sentence, by striking “A vacancy” and in-  
7 serting “Except as provided in paragraph  
8 (1)(C), a vacancy”;

9 (D) by amending paragraph (4) to read as  
10 follows:

11 “(4) COMPENSATION.—Membership in the  
12 Commission shall be a full-time position. A member  
13 of the Commission shall be entitled to compensation  
14 at the rate payable for level IV of the Executive  
15 Schedule under section 5316 of title 5, United  
16 States Code. The Commission shall determine and  
17 prescribe the manner in which its obligations shall  
18 be incurred and its disbursements and expenses al-  
19 lowed and paid and the salaries of its members and  
20 employees, whose employment, compensation, leave,  
21 and expenses shall be governed solely by the provi-  
22 sions of this section and rules and regulations of the  
23 Commission not inconsistent therewith.”;

24 (E) by amending paragraph (5) to read as  
25 follows:



1           “(5) CHAIRMAN; VICE CHAIRMAN.—The Presi-  
 2           dent shall designate a member of the Commission, at  
 3           the time of appointment of the member by and with  
 4           the advice and consent of the Senate, as Chairman  
 5           and a member of the Commission, at the time of ap-  
 6           pointment of the member by and with the advice and  
 7           consent of the Senate, as Vice Chairman, except that  
 8           in the case where the Chairman or the Vice Chair-  
 9           man is not able to be present (including in the case  
 10          of vacancy), a majority of the Commission may des-  
 11          ignate another member for the period of such ab-  
 12          sence.”; and

13                       (F) by adding at the end the following new  
 14          paragraph:

15           “(7) NONAPPLICABILITY OF FEDERAL ADVI-  
 16          SORY COMMITTEE ACT.—The Federal Advisory Com-  
 17          mittee Act (5 U.S.C. App.) shall not apply to any  
 18          advisory committee established or utilized by the  
 19          Commission.”;

20           (3) in subsection (d), in the matter preceding  
 21          paragraph (1), by striking “Subject to such review  
 22          as the Comptroller General deems necessary to as-  
 23          sure the efficient administration of the Commission,  
 24          the Commission” and inserting “The Commission”;

1           (4) by amending subsection (f) to read as fol-  
2       lows:

3       “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
4       are authorized to be appropriated such sums as may be  
5       necessary to carry out the provisions of this section. Sixty  
6       percent of such appropriations shall be payable from the  
7       Federal Hospital Insurance Trust Fund, and 40 percent  
8       of such appropriation shall be payable from the Federal  
9       Supplementary Medical Insurance Trust Fund.”; and

10           (5) by adding at the end the following new sub-  
11       section:

12       “(g) REFERENCES.—Any reference to the Medicare  
13       Payment Advisory Commission or MedPAC shall be  
14       deemed a reference to the Medicare Payment and Access  
15       Commission.”.

16       (c) AUTHORITY TO DETERMINE PAYMENT AND COV-  
17       ERAGE AND ROUTINE EVALUATION OF PAYMENT RATES  
18       UNDER THE MEDICARE PROGRAM.—

19           (1) IN GENERAL.—Section 1805(b) of the So-  
20       cial Security Act (42 U.S.C. 1395b–6(b)) is amend-  
21       ed—

22           (A) in paragraph (1)(B), by inserting “,  
23       determine payment policies, methodologies, and  
24       rates under this title in accordance with para-  
25       graph (9)(A), and determine coverage policies

1 and methodologies under this title in accord-  
 2 ance with paragraph (9)(B)” before the semi-  
 3 colon at the end; and

4 (B) by adding at the end the following new  
 5 paragraphs:

6 “(9) AUTHORITY TO DETERMINE PAYMENT AND  
 7 COVERAGE UNDER THIS TITLE.—

8 “(A) DETERMINATION OF PAYMENT POLI-  
 9 CIES, METHODOLOGIES, AND RATES.—

10 “(i) IN GENERAL.—Notwithstanding  
 11 any other provision of law, subject to sub-  
 12 paragraph (C), the Commission shall de-  
 13 termine payment policies, methodologies,  
 14 and rates for items and services, providers  
 15 of services, and suppliers under this title.

16 “(ii) TIMELINE FOR DETERMINATIONS  
 17 WITH RESPECT TO PAYMENT POLICIES,  
 18 METHODOLOGIES, AND RATES FOR PHYSI-  
 19 CIANS AND HOSPITALS.—The Commission  
 20 shall make a determination under this sub-  
 21 paragraph with respect to payment poli-  
 22 cies, methodologies, and rates—

23 “(I) for physicians (as defined in  
 24 section 1861(r)(1)), not later than

1 December 1 of each year (beginning  
2 with 2012); and

3 “(II) for hospitals, not later than  
4 March 1 of each year (beginning with  
5 2013).

6 “(iii) IMPLEMENTATION OF PAYMENT  
7 POLICIES, METHODOLOGIES, AND RATES.—

8 “(I) AUTHORITY OF SEC-  
9 RETARY.—Notwithstanding any other  
10 provision of law, the Secretary shall  
11 promulgate regulations to implement  
12 any payment policy, methodology, or  
13 rate determined by the Commission  
14 under this subparagraph.

15 “(II) REGULATIONS CURRENTLY  
16 IN EFFECT.—Any payment policies,  
17 methodologies, and rates for items  
18 and services, providers of services, or  
19 suppliers under this title as of the  
20 date of enactment of the Medicare  
21 Payment Advisory Commission  
22 (MedPAC) Reform Act of 2009 or  
23 regulation promulgated by the Sec-  
24 retary relating to such payment poli-  
25 cies, methodologies, and rates prior to

1           such date of enactment shall remain  
 2           in effect until the Secretary promul-  
 3           gates regulations under subclause (I)  
 4           to implement a payment policy, meth-  
 5           odology, or rate determined by the  
 6           Commission with respect to the item  
 7           or service, provider of services, or sup-  
 8           plier.

9           “(B) DETERMINATION OF COVERAGE POLI-  
 10          CIES AND METHODOLOGIES.—

11           “(i) IN GENERAL.—Notwithstanding  
 12          any other provision of law, subject to sub-  
 13          paragraph (C), the Commission shall de-  
 14          termine coverage policies and methodolo-  
 15          gies for items and services furnished under  
 16          this title.

17           “(ii) IMPLEMENTATION OF COVERAGE  
 18          POLICIES AND METHODOLOGIES.—

19           “(I) AUTHORITY OF SEC-  
 20          RETARY.—Notwithstanding any other  
 21          provision of law, the Secretary shall  
 22          promulgate regulations to implement  
 23          any coverage policies and methodolo-  
 24          gies determined by the Commission  
 25          under this subparagraph.

1 “(II) REGULATIONS CURRENTLY  
 2 IN EFFECT.—Any coverage policy or  
 3 methodology for items and services  
 4 furnished under this title as of the  
 5 date of enactment of the Medicare  
 6 Payment Advisory Commission  
 7 (MedPAC) Reform Act of 2009 or  
 8 regulation promulgated by the Sec-  
 9 retary relating to such coverage policy  
 10 or methodology prior to such date of  
 11 enactment shall remain in effect until  
 12 the Secretary promulgates regulations  
 13 under subclause (I) to implement a  
 14 coverage policy or methodology deter-  
 15 mined by the Commission with respect  
 16 to the item or service.

17 “(C) USE OF AUTHORITY.—

18 “(i) IN GENERAL.—In making a de-  
 19 termination under subparagraph (A) or  
 20 (B), the Commission shall do so in a man-  
 21 ner that—

22 “(I) is consistent with the provi-  
 23 sions of sections 1801 and 1802;

1 “(II) is in the best interest of  
2 beneficiaries, including improving ben-  
3 eficiary access to care; and

4 “(III) improves the future viabil-  
5 ity of the program under this title, in-  
6 cluding protecting the short-term and  
7 long-term solvency of the program  
8 under this title.

9 “(ii) LIMITATION.—A determination  
10 under subparagraph (A) or (B) shall not  
11 limit beneficiary access under this title to  
12 items and services that are medically nec-  
13 essary.

14 “(D) LIMITATION ON JUDICIAL REVIEW.—  
15 Any determination of the Commission under  
16 subparagraph (A) or (B) shall be a final agency  
17 action of the Commission and shall not be sub-  
18 ject to judicial review.

19 “(E) ANNUAL REPORT.—Not later than  
20 March 15 of each year (beginning with 2012),  
21 the Commission shall submit to Congress a re-  
22 port on any determinations made under sub-  
23 paragraph (A) or (B) during the preceding  
24 year, including the performance of the Sec-  
25 retary in implementing such determinations by

1 promulgating regulations under subparagraph  
 2 (A)(iii) or (B)(ii) and any changes in coverage  
 3 policies or methodologies, including any na-  
 4 tional coverage determinations (as defined in  
 5 section 1869(f)(1)(B)) made during the pre-  
 6 ceding year.

7 “(F) DEFINITIONS.—

8 “(i) COVERAGE POLICIES AND METH-  
 9 ODOLOGIES.—In this section, the term  
 10 ‘coverage policies and methodologies’  
 11 means the application of any requirements  
 12 for coverage of items and services under  
 13 this title, including the determination of  
 14 the most appropriate way to provide and  
 15 pay for such items and services consistent  
 16 with the requirements of this title, the ap-  
 17 plication of any exclusion from coverage  
 18 under this title (including whether an item  
 19 or service is reasonable and necessary for  
 20 purposes of section 1862(a)(1)(A)) and na-  
 21 tional coverage determinations (as defined  
 22 in section 1869(f)(1)(B)).

23 “(ii) PAYMENT POLICIES, METH-  
 24 ODOLOGIES, AND RATES.—In this section,  
 25 the term ‘payment policies, methodologies,



1 and rates' means the application of any re-  
2 quirements for payment for items and  
3 services furnished under this title, includ-  
4 ing the amount of such payment and the  
5 methodology for determining such payment  
6 amount, including any annual updates to  
7 such payment under this title.

8 “(G) CLARIFICATION.—Nothing in this  
9 paragraph shall affect any requirement under  
10 this title to cover an item or service.

11 “(10) ROUTINE EVALUATION OF PAYMENT  
12 POLICIES, METHODOLOGIES, AND RATES.—The  
13 Commission shall review the payment policies, meth-  
14 odologies, and rates for each item and service, pro-  
15 vider of services, and supplier under this title not  
16 less frequently than every 5 years in order to deter-  
17 mine whether the Commission should make a deter-  
18 mination under paragraph (9)(A) to update such  
19 payment policy, methodology, or rate.”.

20 (2) GAO STUDY AND ANNUAL REPORT ON DE-  
21 TERMINATION AND IMPLEMENTATION OF PAYMENT  
22 AND COVERAGE POLICIES UNDER THE MEDICARE  
23 PROGRAM.—

24 (A) STUDY.—The Comptroller General of  
25 the United States shall conduct a study on

1 changes to payment policies, methodologies, and  
2 rates and coverage policies and methodologies  
3 under the Medicare Program under title XVIII  
4 of the Social Security Act as a result of the  
5 amendments made by this subsection, including  
6 an analysis of—

7 (i) any determinations made by the  
8 Medicare Payment and Access Commission  
9 under subparagraph (A) or (B) of section  
10 1805(b)(9) of such Act, as added by para-  
11 graph (1), during the preceding year;

12 (ii) any regulations promulgated by  
13 the Secretary of Health and Human Serv-  
14 ices under subparagraph (A)(iii) or (B)(ii)  
15 of such section during the preceding year;

16 (iii) the process for—

17 (I) making such determinations  
18 (including the evidence to support any  
19 such determination);

20 (II) promulgating such regula-  
21 tions (including the capacity of the  
22 Secretary of Health and Human Serv-  
23 ices to promulgate such regulations);  
24 and

1 (iv) the ability of the Centers for  
 2 Medicare & Medicaid Services to fulfill its  
 3 responsibilities in carrying out such regula-  
 4 tions.

5 (B) REPORT.—Not later than December  
 6 31 of each year (beginning with 2012), the  
 7 Comptroller General shall submit to Congress a  
 8 report containing the results of the study con-  
 9 ducted under subparagraph (A), together with  
 10 recommendations for such legislation and ad-  
 11 ministrative action as the Secretary determines  
 12 appropriate.

13 (d) CONGRESSIONAL ACTION.—Section 1805 of the  
 14 Social Security Act (42 U.S.C. 1395b–6), as amended by  
 15 subsection (b), is amended—

16 (1) by redesignating subsections (f) and (g), re-  
 17 spectively, as subsections (g) and (h); and

18 (2) by inserting after subsection (e) the fol-  
 19 lowing new subsection:

20 “(f) CONGRESSIONAL ACTION.—

21 “(1) IN GENERAL.—Notwithstanding any other  
 22 provision of law, it shall only be in order in the Sen-  
 23 ate or the House of Representatives to consider any  
 24 measure that would overrule a determination of the  
 25 Commission under subparagraph (A) or (B) of sub-

1 section (d)(9) if  $\frac{3}{5}$  of the Members, duly chosen and  
 2 sworn, of the Senate or the House of Representa-  
 3 tives agree to such consideration.

4 “(2) RULES OF THE SENATE AND HOUSE OF  
 5 REPRESENTATIVES.—This subsection is enacted by  
 6 Congress—

7 “(A) as an exercise of the rulemaking  
 8 power of the Senate and House of Representa-  
 9 tives, respectively, and is deemed to be part of  
 10 the rules of each House, respectively, but appli-  
 11 cable only with respect to the procedure to be  
 12 followed in that House in the case of a measure  
 13 described in paragraph (1), and it supersedes  
 14 other rules only to the extent that it is incon-  
 15 sistent with such rules; and

16 “(B) with full recognition of the constitu-  
 17 tional right of either House to change the rules  
 18 (so far as they relate to the procedure of that  
 19 House) at any time, in the same manner, and  
 20 to the same extent as in the case of any other  
 21 rule of that House.”.

22 (e) RESEARCH AND INFORMATION ACCESS.—Section  
 23 1805(e) of the Social Security Act (42 U.S.C. 1395b–6(e))  
 24 is amended by adding at the end the following new para-  
 25 graphs:

1           “(5) AUTHORITY TO INFORM RESEARCH PRIOR-  
2 ITIES FOR DATA COLLECTION.—The Commission  
3 may advise the Secretary (through the Director of  
4 the Agency for Healthcare Research and Quality and  
5 the Director of the National Institutes of Health) on  
6 priorities for health services research, particularly as  
7 such priorities pertain to necessary changes and  
8 issues regarding payment reforms under this title.

9           “(6) EXPANDED AUTHORITY TO ACCESS FED-  
10 ERAL DATA AND REPORTS.—In addition to data ob-  
11 tained under paragraph (1), the Commission shall  
12 have priority access to all raw data and research  
13 conducted or funded by the Federal Government, in-  
14 cluding data and research produced by the Centers  
15 for Medicare & Medicaid Services, the National In-  
16 stitutes of Health, and the Agency for Healthcare  
17 Research and Quality.

18           “(7) ELECTRONIC ACCESS.—The National Di-  
19 rector for Health Information Technology, in coordi-  
20 nation with the Secretary, the Administrator of the  
21 Centers for Medicare & Medicaid Services, and the  
22 Commission, shall establish a direct electronic link  
23 for raw data, including claims data under this title,  
24 to be accessed by the Commission for the purposes  
25 of evaluating and determining recommendations

1 under this title, in accordance with applicable pri-  
 2 vacy laws and data use agreements.

3 “(8) ACCESS TO BIENNIAL REPORTS.—Not less  
 4 frequently than on a biannual basis, the National In-  
 5 stitutes of Health and the Agency for Healthcare  
 6 Research and Quality shall submit to the Commis-  
 7 sion a report containing information on any research  
 8 conducted by the National Institutes of Health and  
 9 the Agency for Healthcare Research and Quality, re-  
 10 spectively, which has relevance for the determina-  
 11 tions and recommendations being considered by the  
 12 Commission. Such information shall be provided to  
 13 the Commission in electronic form.”.

14 (f) ADDITIONAL RESOURCES TO CARRY OUT DU-  
 15 TIES.—

16 (1) IN GENERAL.—Section 1805(d) of the So-  
 17 cial Security Act (42 U.S.C. 1395b–6(d)) is amend-  
 18 ed—

19 (A) in paragraph (1), by inserting “(in-  
 20 cluding an attorney)” after “such other per-  
 21 sonnel”; and

22 (B) in paragraph (5), by striking “and” at  
 23 the end;

24 (C) in paragraph (6), by striking the pe-  
 25 riod at the end and inserting “; and”; and

1 (D) by adding at the end the following new  
2 paragraph:

3 “(7) establish a public affairs office.”.

4 (2) OFFICE OF THE OMBUDSMAN.—Section  
5 1805(e) of the Social Security Act (42 U.S.C.  
6 1395b–6(e)), as amended by subsection (e), is  
7 amended by adding at the end the following new  
8 paragraph:

9 “(10) OFFICE OF THE OMBUDSMAN.—

10 “(A) IN GENERAL.—The Commission shall  
11 establish an office of the ombudsman to handle  
12 complaints regarding the implementation of  
13 regulations under subsection (a)(9)(B).

14 “(B) DUTIES.—The office of the ombuds-  
15 man shall—

16 “(i) act as a liaison between the Com-  
17 mission and any entity or individual af-  
18 fected by the implementation of such a  
19 regulation; and

20 “(ii) ensure that the Commission has  
21 established safeguards—

22 “(I) to encourage such entities  
23 and individuals to submit complaints  
24 to the office of the ombudsman; and

1                   “(II) to protect the confiden-  
2                   tiality of any entity or individual who  
3                   submits such a complaint.”.

4           (g) MACPAC TECHNICAL AMENDMENTS.—Section  
5   1900(b) of the Social Security Act (42 U.S.C. 1396) is  
6   amended—

7           (1) in paragraph (1)(D), by striking “June 1”  
8           and inserting “June 15”; and

9           (2) by adding at the end the following:

10           “(10) CONSULTATION WITH MEDPAC.—  
11   MACPAC shall regularly consult with the Medicare  
12   Payment and Access Commission (in this paragraph  
13   referred to as ‘MedPAC’) established under section  
14   1805 in carrying out its duties under this section.”.

15           (h) LOBBYING COOLING-OFF PERIOD FOR MEMBERS  
16   OF THE MEDICARE PAYMENT ADVISORY COMMISSION.—  
17   Section 207(c) of title 18, United States Code, is amended  
18   by inserting at the end the following:

19           “(3) MEMBERS OF THE MEDICARE PAYMENT  
20   ADVISORY COMMISSION.—

21           “(A) IN GENERAL.—Paragraph (1) shall  
22           apply to a member of the Medicare Payment  
23           Advisory Commission who was appointed to  
24           such Commission as of the date of enactment of



the Medicare Payment Advisory Commission  
(MedPAC) Reform Act of 2009.

“(B) AGENCIES AND CONGRESS.—For purposes of paragraph (1), the agency in which the individual described in subparagraph (A) served shall be considered to be the Medicare Payment and Access Commission established under section 1805 of the Social Security Act, the Department of Health and Human Services, and the relevant committees of jurisdiction of Congress.”.

**SEC. 3. ESTABLISHMENT OF COUNCIL OF HEALTH AND  
ECONOMIC ADVISERS, CONSUMER ADVISORY  
COUNCIL, AND FEDERAL HEALTH ADVISORY  
COUNCIL.**

Section 1805(b) of the Social Security Act (42 U.S.C. 1395b–6(b)), as amended by section 2(c), is amended by adding at the end the following new paragraph:

“(11) COUNCIL OF HEALTH AND ECONOMIC ADVISERS, CONSUMER ADVISORY COUNCIL, AND FEDERAL HEALTH ADVISORY COUNCIL.—

“(A) COUNCIL OF HEALTH AND ECONOMIC ADVISERS.—

“(i) IN GENERAL.—The Commission shall establish a council of health and eco-

1            nomic advisers to advise the Commission  
 2            on its development, analyses, and imple-  
 3            mentation of payment policies under this  
 4            title.

5            “(ii) MEMBERSHIP.—

6                    “(I) IN GENERAL.—The council  
 7                    of health and economic advisers shall  
 8                    be composed of acknowledged experts  
 9                    in health care and economics selected  
 10                   by the Commission.

11                   “(II) INITIAL INCLUSION OF  
 12                   FORMER MEMBERS OF MEDICARE PAY-  
 13                   MENT ADVISORY COMMISSION.—The  
 14                   members initially selected for the  
 15                   council of health and economic advis-  
 16                   ers under subclause (I) shall include  
 17                   those individuals who were members  
 18                   of the Medicare Payment Advisory  
 19                   Commission as of the day before the  
 20                   date of enactment of the Medicare  
 21                   Payment Advisory Commission  
 22                   (MedPAC) Reform Act of 2009.

23            “(B) CONSUMER ADVISORY COUNCIL.—

24                   “(i) IN GENERAL.—There is estab-  
 25                   lished a consumer advisory council to ad-

1           vise the Commission on the impact of pay-  
2           ment policies under this title on con-  
3           sumers.

4           “(ii) MEMBERSHIP.—

5                   “(I) NUMBER AND APPOINT-  
6                   MENT.—The consumer advisory coun-  
7                   cil shall be composed of 10 consumer  
8                   representatives appointed by the  
9                   Comptroller General of the United  
10                  States, 1 from among each of the 10  
11                  regions established by the Secretary  
12                  as of the date of enactment of the  
13                  Medicare Payment Advisory Commis-  
14                  sion (MedPAC) Reform Act of 2009.

15                  “(II) QUALIFICATIONS.—The  
16                  membership of the council shall rep-  
17                  resent the interests of consumers and  
18                  particular communities.

19                  “(iii) DUTIES.—The consumer advi-  
20                  sory council shall, subject to the call of the  
21                  Commission, meet not less frequently than  
22                  2 times each year in the District of Colum-  
23                  bia.

1           “(iv) OPEN MEETINGS.—Meetings of  
2           the consumer advisory council shall be  
3           open to the public.

4           “(v) ELECTION OF OFFICERS.—Mem-  
5           bers of the consumer advisory council shall  
6           elect their own officers.

7           “(C) FEDERAL HEALTH ADVISORY COUN-  
8           CIL.—

9           “(i) IN GENERAL.—There is estab-  
10          lished a Federal health advisory council to  
11          consult with and provide advice to the  
12          Commission on all matters within the ju-  
13          risdiction of the Commission.

14          “(ii) MEMBERSHIP.—The Federal  
15          health advisory council shall be composed  
16          of 10 representatives from the health care  
17          industry appointed by the Comptroller  
18          General of the United States, 1 from  
19          among each of the 10 regions established  
20          by the Secretary as of the date of enact-  
21          ment of the Medicare Payment Advisory  
22          Commission (MedPAC) Reform Act of  
23          2009.

24          “(iii) TERMS.—

1                   “(I) IN GENERAL.—The terms of  
2                   members of the Federal health advi-  
3                   sory council shall be for 1 year.

4                   “(II) LIMITATION ON NUMBER  
5                   OF TERMS SERVED.—An individual  
6                   may not be appointed as a member of  
7                   the Federal health advisory council for  
8                   more than 3 terms.

9                   “(iv) DUTIES.—The Federal health  
10                  advisory council shall, subject to the call of  
11                  the Commission, meet not less frequently  
12                  than 2 times each year in the District of  
13                  Columbia.

14                  “(v) OPEN MEETINGS.—Meetings of  
15                  the Federal health advisory council shall be  
16                  open to the public.

17                  “(vi) ELECTION OF OFFICERS.—Mem-  
18                  bers of the Federal health advisory council  
19                  shall elect their own officers.

20                  “(D) LIMITATION ON FUNDING.—Out of  
21                  amounts appropriated under subsection (g), the  
22                  Commission may use not more than \$300,000  
23                  each fiscal year to carry out this paragraph.”.

1 **SEC. 4. COST CONTAINMENT IN MEDICARE.**

2 Section 1805(b) of the Social Security Act (42 U.S.C.  
3 1395b–6(b)), as amended by section 3, is amended by add-  
4 ing at the end the following new paragraph:

5 “(12) SPENDING REDUCTIONS.—

6 “(A) IN GENERAL.—

7 “(i) IMPLEMENTATION BY THE COM-  
8 MISSION.—Notwithstanding any other pro-  
9 vision of law, effective beginning on Janu-  
10 ary 1, 2012, subject to clause (ii) and the  
11 succeeding provisions of this paragraph,  
12 the Commission shall implement payment  
13 policies, methodologies, and rates and cov-  
14 erage policies and methodologies which are  
15 estimated to reduce expenditures under  
16 this title by not less than 1.5 percent an-  
17 nually.

18 “(ii) FAIL SAFE MECHANISM.—Not-  
19 withstanding any other provision of law,  
20 effective beginning on January 1, 2013,  
21 subject to the succeeding provisions of this  
22 paragraph, in the case where the Chief Ac-  
23 tuary of the Centers for Medicare & Med-  
24 icaid Services finds that the payment poli-  
25 cies, methodologies, and rates and coverage  
26 policies and methodologies implemented

1 under clause (i) for a given year will not  
2 reduce annual expenditures under this title  
3 by not less than 1.5 percent, the Secretary  
4 shall implement an automatic reduction in  
5 reimbursement for providers of services  
6 and suppliers under the original Medicare  
7 fee-for-service program under parts A and  
8 B in order to achieve such 1.5 percent re-  
9 duction. Such reduction shall be cumu-  
10 lative, may vary depending on the provider  
11 of services or supplier involved, and may  
12 be zero based on initiatives implemented by  
13 the Secretary for including no reduction.

14 “(B) REQUIREMENTS.—In carrying out  
15 subparagraph (A), the following requirements  
16 shall apply:

17 “(i) Any reductions in reimbursement  
18 for items and services furnished under this  
19 title which are subject to a competitive bid-  
20 ding process shall apply in the year fol-  
21 lowing the year in which the Commission  
22 or the Secretary determines that such re-  
23 duction shall be implemented.

24 “(ii) Any reductions in reimbursement  
25 to a Medicare Advantage organization of-

1           fering a Medicare Advantage plan under  
2           part C shall be reflected in the MA area-  
3           specific non-drug monthly benchmark  
4           amount computed under section 1853(j)  
5           for months in the year following the year  
6           in which the Commission or the Secretary  
7           determines that such reduction shall be im-  
8           plemented.

9           “(iii) The amount of a reduction in  
10          reimbursement to a provider of services or  
11          a supplier under this title during a year  
12          shall not be greater than 5 percent of the  
13          amount of payment that would otherwise  
14          apply under this title.

15          “(iv) In the case where the amount of  
16          any savings to the program under this title  
17          during a year as a result of the provisions  
18          of subparagraph (A) exceeds 1.5 percent of  
19          the amount of expenditures that would  
20          otherwise be made under this title, the  
21          amount of such excess shall be deposited,  
22          in such proportion as the Commission de-  
23          termines appropriate, in the Federal Hos-  
24          pital Insurance Trust Fund established  
25          under section 1817 and the Federal Sup-



1           plementary Medical Insurance Trust Fund  
2           established under section 1841.

3           “(C) ANALYSIS.—The Chief Actuary of the  
4           Centers for Medicare & Medicaid Services  
5           shall—

6                   “(i) analyze such payment policies,  
7                   methodologies, and rates and coverage poli-  
8                   cies and methodologies prospectively, in  
9                   order to determine the amount of such es-  
10                  timated reduction in expenditures for a  
11                  year; and

12                   “(ii) include such analysis in the an-  
13                  nual report of the Boards of Trustees of  
14                  the Federal Hospital Insurance Trust  
15                  Fund and Federal Supplementary Medical  
16                  Insurance Trust Funds for the year.

17           “(D) THIRD PARTY VERIFICATION.—The  
18           analysis under subparagraph (C) shall be  
19           verified by an independent, third party actuary.

20           “(E) GAO AUDIT AND ANNUAL REPORT.—

21                   “(i) AUDIT.—The Comptroller Gen-  
22                   eral of the United States shall audit the  
23                   procedures used to determine such esti-  
24                   mated reduction in expenditures.

1                   “(ii) ANNUAL REPORT.—The Comp-  
 2                   troller General shall submit to Congress an  
 3                   annual report containing the results of the  
 4                   audit conducted under clause (i).

5                   “(F) INCLUSION OF INTERIM PAYMENT  
 6                   AND COVERAGE POLICIES.—Any savings or ad-  
 7                   ditional expenditures as a result of payment  
 8                   policies, methodologies, and rates and coverage  
 9                   policies and methodologies under any health re-  
 10                  form legislation enacted on or after the date of  
 11                  enactment of the Medicare Payment Advisory  
 12                  Commission (MedPAC) Reform Act of 2009  
 13                  shall be included in the determination of wheth-  
 14                  er expenditures under this title have been re-  
 15                  duced by not less than 1.5 percent for a year.

16                  “(G) NON-APPLICATION DURING YEARS  
 17                  WHEN SOLVENCY HAS BEEN DETERMINED.—  
 18                  This paragraph shall not apply for a year in the  
 19                  case where the Chief Actuary of the Centers for  
 20                  Medicare & Medicaid Services determines, as  
 21                  part of the annual report of the Boards of  
 22                  Trustees of the Federal Hospital Insurance  
 23                  Trust Fund and Federal Supplementary Med-  
 24                  ical Insurance Trust Funds for the preceding  
 25                  year, that the program under this title is sol-

1           vent, according to the short range test for fi-  
 2           nancial adequacy of the Chief Actuary of the  
 3           Centers for Medicare & Medicaid Services.”.

4 **SEC. 5. ESTABLISHMENT OF JOINT COMMITTEE ON MEDI-**  
 5 **CARE.**

6           (a) IN GENERAL.—There is hereby established the  
 7 Joint Committee on Medicare (in this section referred to  
 8 as the “Joint Committee”).

9           (b) MEMBERSHIP.—The Joint Committee shall be  
 10 composed of 11 members appointed as follows:

11           (1) 5 members shall be appointed by the Presi-  
 12 dent pro tempore of the Senate, on the recommenda-  
 13 tion of the majority and minority leaders of the Sen-  
 14 ate, from among the members of the Committee on  
 15 Finance of the Senate, 3 of whom shall be from the  
 16 majority on the Committee and 2 of whom shall be  
 17 from the minority on the Committee; and

18           (2) 6 members shall be appointed by the Speak-  
 19 er of the House of Representatives, in consultation  
 20 with the minority leader of the House of Representa-  
 21 tives—

22           (A) 3 from among the members of the  
 23 Committee on Ways and Means of the House of  
 24 Representatives, 2 of whom shall be from the

1 majority on the Committee and 1 of whom shall  
2 be from the minority on the Committee; and

3 (B) 3 from among the members of the  
4 Committee on Energy and Commerce of the  
5 House of Representatives, 2 of whom shall be  
6 from the majority on the Committee and 1 of  
7 whom shall be from the minority on the Com-  
8 mittee.

9 (c) DUTIES.—The Joint Committee shall—

10 (1) study the operation and effects of any  
11 changes proposed by Congress to the Medicare Pro-  
12 gram under title XVIII of the Social Security Act,  
13 and other matters relating to the Medicare Program  
14 that the Joint Committee determines appropriate;

15 (2) submit reports to the Committee on Fi-  
16 nance of the Senate and the Committee on Ways  
17 and Means and the Committee on Energy and Com-  
18 merce of the House of Representatives containing  
19 the results of any studies conducted under para-  
20 graph (1), including recommendations for such legis-  
21 lation and administrative action as the Joint Com-  
22 mittee determines appropriate;

23 (3) prepare pamphlets for hearings conducted  
24 by such Committees, reports of such Committees,  
25 and conference reports accompanying any legislation

1 enacted by Congress relating to the Medicare Pro-  
2 gram;

3 (4) assist members of Congress in drafting leg-  
4 islative language relating to the Medicare Program;

5 (5) assist members of Congress with the devel-  
6 opment and analysis of proposed legislation relating  
7 to the Medicare Program; and

8 (6) prepare impact estimates of all legislation  
9 relating to the Medicare Program that is considered  
10 by Congress.

11 (d) HEARINGS.—

12 (1) IN GENERAL.—The Joint Committee or, at  
13 the direction of the Joint Committee, any sub-  
14 committee or member of the Joint Committee, may,  
15 for the purpose of carrying out this Act—

16 (A) hold such hearings, meet and act at  
17 such times and places, take such testimony, re-  
18 ceive such evidence, and administer such oaths;  
19 and

20 (B) require, by subpoena or otherwise, the  
21 attendance and testimony of such witnesses and  
22 the production of such books, records, cor-  
23 respondence, memoranda, papers, documents,  
24 tapes, and materials;

1 as the Joint Committee or such subcommittee or  
2 member considers advisable.

3 (2) ISSUANCE AND ENFORCEMENT OF SUB-  
4 POENAS.—

5 (A) ISSUANCE.—A subpoena issued under  
6 paragraph (1) shall—

7 (i) bear the signature of the Chair-  
8 person of the Joint Committee; and

9 (ii) be served by any person or class  
10 of persons designated by the Chairperson  
11 for that purpose.

12 (B) ENFORCEMENT.—In the case of contu-  
13 macy or failure to obey a subpoena issued  
14 under paragraph (1)(B), the United States dis-  
15 trict court for the district in which the subpoe-  
16 naed person resides, is served, or may be found  
17 may issue an order requiring the person to ap-  
18 pear at any designated place to testify or to  
19 produce documentary or other evidence.

20 (C) NONCOMPLIANCE.—Any failure to  
21 obey the order of the court may be punished by  
22 the court as a contempt of court.

23 (3) WITNESS ALLOWANCES AND FEES.—

24 (A) IN GENERAL.—Section 1821 of title  
25 28, United States Code, shall apply to a witness

1 requested or subpoenaed to appear at a hearing  
2 of the Joint Committee.

3 (B) EXPENSES.—The per diem and mile-  
4 age allowances for a witness shall be paid from  
5 funds available to pay the expenses of the Joint  
6 Committee.

7 (e) INFORMATION FROM FEDERAL AGENCIES.—

8 (1) IN GENERAL.—The Joint Committee may  
9 secure directly from a Federal agency such informa-  
10 tion as the Joint Committee considers necessary to  
11 carry out this Act, including any data relating to the  
12 Medicare Program (including Medicare claims data).

13 (2) PROVISION OF INFORMATION.—On request  
14 of the Joint Committee, the head of the agency shall  
15 provide the information to the Joint Committee.

16 (f) POSTAL SERVICES.—The Joint Committee may  
17 use the United States mails in the same manner and  
18 under the same conditions as other agencies of the Federal  
19 Government.

20 (g) PRINTING AND BINDING, OTHER NECESSARY  
21 EXPENDITURES.—The Joint Committee may make nec-  
22 essary expenditures, including the procurement of printing  
23 and binding services, as the Joint Committee determines  
24 appropriate.

25 (h) JOINT COMMITTEE PERSONNEL MATTERS.—

1           (1) COMPENSATION OF MEMBERS.—A member  
2       of the Joint Committee shall serve without com-  
3       pensation in addition to the compensation received  
4       for the services of the member as an officer or em-  
5       ployee of the Federal Government.

6           (2) TRAVEL EXPENSES.—A member of the  
7       Joint Committee shall be allowed travel expenses, in-  
8       cluding per diem in lieu of subsistence, at rates au-  
9       thorized for an employee of an agency under sub-  
10      chapter I of chapter 57 of title 5, United States  
11      Code, while away from the home or regular place of  
12      business of the member in the performance of the  
13      duties of the Joint Committee.

14          (3) STAFF.—

15            (A) IN GENERAL.—The Chairperson of the  
16      Joint Committee may, without regard to the  
17      civil service laws (including regulations), ap-  
18      point and terminate an executive director and  
19      such other additional personnel as are necessary  
20      to enable the Joint Committee to perform the  
21      duties of the Joint Committee.

22            (B) CONFIRMATION OF EXECUTIVE DIREC-  
23      TOR.—The employment of an executive director  
24      shall be subject to confirmation by the Joint  
25      Committee.



1 (C) COMPENSATION.—

2 (i) IN GENERAL.—Except as provided  
 3 in subparagraph (B), the Chairperson of  
 4 the Joint Committee may fix the com-  
 5 pensation of the executive director and  
 6 other personnel without regard to the pro-  
 7 visions of chapter 51 and subchapter III of  
 8 chapter 53 of title 5, United States Code,  
 9 relating to classification of positions and  
 10 General Schedule pay rates.

11 (ii) MAXIMUM RATE OF PAY.—The  
 12 rate of pay for the executive director and  
 13 other personnel shall not exceed the rate  
 14 payable for level V of the Executive Sched-  
 15 ule under section 5316 of title 5, United  
 16 States Code.

17 (4) DETAIL OF FEDERAL GOVERNMENT EM-  
 18 PLOYEES.—

19 (A) IN GENERAL.—An employee of the  
 20 Federal Government may be detailed to the  
 21 Joint Committee without reimbursement.

22 (B) CIVIL SERVICE STATUS.—The detail of  
 23 the employee shall be without interruption or  
 24 loss of civil service status or privilege.

1           (5) PROCUREMENT OF TEMPORARY AND INTER-  
2           MITTENT SERVICES.—The Chairperson of the Joint  
3           Committee may procure temporary and intermittent  
4           services in accordance with section 3109(b) of title  
5           5, United States Code, at rates for individuals that  
6           do not exceed the daily equivalent of the annual rate  
7           of basic pay prescribed for level V of the Executive  
8           Schedule under section 5316 of that title.

9           (6) NONPARTISAN STAFF.—Personnel of the  
10          Joint Committee shall provide objective and con-  
11          fidential technical analysis and assistance on legisla-  
12          tion relating to the Medicare Program. Such per-  
13          sonnel—

14                (A) shall not operate as personnel solely  
15                for the majority or the minority in Congress;

16                (B) shall not be responsible for rep-  
17                resenting a particular point of view on any  
18                issue relating to the Medicare Program; and

19                (C) shall examine critically policies under  
20                the Medicare Program, including the long-range  
21                effects of such policies.

1 **SEC. 6. REVISIONS TO PROCESS FOR CONDUCT OF DEM-**  
 2 **ONSTRATION PROJECTS.**

3 (a) IN GENERAL.—Title XVIII of the Social Security  
 4 Act (42 U.S.C. 1395 et seq.) is amended by adding at  
 5 the end the following new section:

6 **“SEC. 1899. CONDUCT OF DEMONSTRATION PROJECTS.**

7 “(a) IN GENERAL.—

8 “(1) RENAMING AND TRANSFER OF OFFICE OF  
 9 RESEARCH, DEVELOPMENT AND INFORMATION.—Ef-  
 10 fective beginning January 1, 2011, the Office of Re-  
 11 search, Development and Information shall be—

12 “(A) transferred from the Administrator of  
 13 the Centers for Medicare & Medicaid Services  
 14 to the Assistant Secretary for Planning and  
 15 Evaluation of the Department of Health and  
 16 Human Services; and

17 “(B) renamed the Office of Research, De-  
 18 velopment and Information of the Department  
 19 of Health and Human Services.

20 “(2) AUTHORITY TO DESIGN AND EVALUATE  
 21 DEMONSTRATION PROJECTS.—The Office of Re-  
 22 search, Development and Information of the Depart-  
 23 ment of Health and Human Services (in this section  
 24 referred to as the ‘Office’) shall have sole authority  
 25 to design and evaluate demonstration projects under  
 26 this title, including demonstration projects to test

1 new and innovative methods of reimbursement under  
2 the Medicare program to improve the quality and ef-  
3 ficiency of health care and reduce costs under the  
4 Medicare program.

5 “(3) IMPLEMENTATION.—The Secretary of  
6 Health and Human Services (in this section referred  
7 to as the ‘Secretary’) shall maintain all responsibility  
8 for implementing demonstration projects under this  
9 title, including for implementing the process through  
10 which providers of services and suppliers are reim-  
11 bursed for items and services furnished under the  
12 demonstration projects.

13 “(4) AUTHORITY TO EXPAND SUCCESSFUL  
14 DEMONSTRATION PROJECTS.—

15 “(A) EXPANSION.—Notwithstanding any  
16 other provision of law, the Secretary may ex-  
17 pand the duration and scope of a demonstration  
18 project under this title, to an extent determined  
19 appropriate by the Secretary, if the Secretary  
20 determines that such expansion is appropriate.

21 “(B) AUDITS AND REPORTS.—

22 “(i) AUDITS.—The Inspector General  
23 of the Department of Health and Human  
24 Services shall conduct an annual audit of  
25 any expansion under subparagraph (A) to

1           determine whether the funding of and  
2           process for such expansion is consistent  
3           with Congressional intent and serves the  
4           best interest of beneficiaries.

5           “(ii) REPORTS.—The Inspector Gen-  
6           eral shall submit to Congress an annual re-  
7           port containing the results of any audits  
8           conducted under clause (i), together with  
9           recommendations for such legislation and  
10          administrative action as the Inspector Gen-  
11          eral determines appropriate.

12          “(C) WEBSITE.—The Office shall establish  
13          a publicly available Internet website that con-  
14          tains current information regarding demonstra-  
15          tion projects under this title, including a de-  
16          scription of the demonstration projects and the  
17          status, location, points of contact, and any mid-  
18          term or final evaluation of the demonstration  
19          projects.

20          “(b) ADVISORY COMMITTEE.—

21          “(1) ESTABLISHMENT.—There is hereby estab-  
22          lished an advisory committee to consult with the Of-  
23          fice on existing and proposed demonstration projects  
24          under this title.

1           “(2) MEMBERSHIP.—The advisory committee  
2       shall be composed of the following members:

3           “(A) The Chairman of the Medicare Pay-  
4       ment and Access Commission established under  
5       section 1805.

6           “(B) The Director of the Agency for  
7       Healthcare Research and Quality.

8           “(C) The Administrator of the Centers for  
9       Medicare & Medicaid Services.

10          “(D) The National Coordinator for Health  
11       Information Technology.

12          “(E) The Director of the Office of Man-  
13       agement and Budget.

14          “(3) DUTIES.—Not less frequently than 2 times  
15       each year, the advisory committee shall meet with  
16       the Office to consult on demonstration projects  
17       under this title.

18       “(c) ELIMINATION OF BUDGET NEUTRAL IMPLE-  
19       MENTATION REQUIREMENT FOR DEMONSTRATION  
20       PROJECTS.—Notwithstanding any other provision of law,  
21       the Secretary, in conducting a demonstration project  
22       under this title, shall not be required to ensure that the  
23       aggregate payments made by the Secretary under this title  
24       do not exceed the amount which the Secretary would have

1 paid under this title if the demonstration project was not  
2 implemented.

3 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as may be  
5 necessary to carry out the provisions of this section. Sixty  
6 percent of such appropriation shall be payable from the  
7 Federal Hospital Insurance Trust Fund established under  
8 section 1817 of the Social Security Act (42 U.S.C. 1395i),  
9 and 40 percent of such appropriation shall be payable  
10 from the Federal Supplementary Medical Insurance Trust  
11 Fund established under section 1841 of such Act (42  
12 U.S.C. 1395t). Out of amounts appropriated under the  
13 preceding sentence, the Secretary may use not more than  
14 \$500,000,000 each fiscal year to conduct demonstration  
15 projects to test new and innovative methods of reimburse-  
16 ment under the Medicare program that seek to improve  
17 quality and efficiency of health care reduce costs under  
18 the Medicare program.”.

19 (b) BIENNIAL COMMUNICATIONS BY MEDPAC TO  
20 THE SECRETARY AND CONGRESS.—Section 1805(b) of the  
21 Social Security Act (42 U.S.C. 1395b–6(b)), as amended  
22 by section 4, is amended by adding at the end the fol-  
23 lowing new paragraph:

24 “(13) Not later than 30 days after each meet-  
25 ing of the advisory committee established under sec-

1       tion 1899(b), the Commission shall send a detailed  
2       letter to the Secretary and to Congress providing  
3       feedback on the following:

4               “(A) Recommendations for demonstration  
5       projects being conducted under this title as of  
6       the date of such biannual meeting that should  
7       be expanded on a program-wide basis.

8               “(B) Recommendations for such dem-  
9       onstration projects that should be eliminated.

10              “(C) Recommendations for potential  
11       changes to improve, expand, or otherwise alter  
12       such demonstration projects.

13              “(D) Recommendations for new ideas to  
14       test through demonstration projects conducted  
15       under this title.”.

○